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TAGS: PREL PGOV ECON EFIN MEPN ETRD EG GE
SUBJECT: GERMAN CHANCELLOR MERKEL VISITS EGYPT

CLASSIFIED BY DEPUTY CHIEF OF MISSION STUART JONES FOR
REASONS 1.4 (B) AND (D).

¶1. (C) SUMMARY: GERMAN CHANCELLOR ANGELA MERKEL VISITED CAIRO FEBRUARY 3 - 4 TO DISCUSS MIDDLE EAST REGIONAL ISSUES AND ECONOMIC RELATIONS. ACCORDING TO A GERMAN EMBASSY CONTACT, MERKEL AND EGYPTIAN PRESIDENT MUBARAK AGREED ON THE NEED FOR A PALESTINIAN NATIONAL UNITY GOVERNMENT. ON THE ECONOMY, EGYPTIAN PRIME MINISTER NAZIF AND MINISTER OF TRADE AND INDUSTRY RACHID WERE KEEN TO EXPAND EGYPT'S FOOD EXPORTS TO THE EU. MERKEL AND NAZIF PRESIDED OVER AN EGYPTIAN-GERMAN ECOOMIC FORUM TO DISCUSS INCREASING GERMAN INVESTMENTIN EGYPT, AND THEY SIGNED FOUR TRADE AGREEMENTS. END SUMMARY.

¶2. (U) GERMAN CHANCELLOR ANGELA MEKEL VISITED CAIRO FEBRUARY 3 - 4, HER FIRST STOPON A REGIONAL TOUR TO INCLUDE SAUDI ARABIA, THE AE, AND KUWAIT. SHE WAS ACCCOMPANIED BY AN ECONOIC DELEGATION LED BY MINISTER OF ECONOMICS AND TCHNOLOGY MICHAEL GLOS AND BY FIVE PARLIAMENTARIANS HO MET SOME OF THEIR EGYPTIAN COUNTERPARTS. THEAIM OF THE VISIT WAS TO DISCUSS REGIONAL ISSUES N THE CONTEXT OF GERMANY HOLDING THE ROTATING PRSIDENCY OF THE EU, AND TO FOLLOW-UP THE CAIRO-BELIN ECONOMIC COOPERATION PROGRAM AGREED UPON DURIG MUBARAK'S DECEMBER 2006 VISIT TO GERMANY.

¶3. (C) GERMAN DCM HANS BUSSMAN TOLD DCM THAT CHANCELLO MERKEL HAD A ONE-ON-ONE, 90-MINUTE WITH EGYPTIA PRESIDENT MUBARAK, THEIR FOURTH MEETING IN ELEV MONTHS, WHERE THE TWO DISCUSSED MOSTLY THE ISRALI-PALESTINIAN CONFLICT, AGREEING ON THE NEED FO A PALESTINIAN NATIONAL UNITY GOVERNMENT. THE TO ALSO DISCUSSED SYRIA, LEBANON, AND IRAQ, BUT ONL BRIEFLY. BUSSMAN SAID THAT MERKEL REGARDS MUBAAK AS A VALUED SOURCE OF INFORMATION AND INSIGHT NTIO THE REGION. HE ALSO SAID THAT MERKEL DID NO RAISE HUMAN RIGHTS CONCERNS. ACCORDING TO PRESSREPORTS, MERKEL ALSO DISCUSSED REGIONAL ISSUES WTH ARAB LEAGUE SECRETARY GENERAL AMRE MOUSSA ANDGRAND SHEIKH OF AL AZHAR TANTAWI, WHOM SHE INVITED O VISIT GERMANY TO CONTINUE INTER-RELIGIOUS DIALG. BUSSMAN SAID THAT EGYPTIAN MINISTER OF INTERATIONAL COOPERATION FAYZA ABOUL NAGA ASKED FOR GRMAN HELP IN REMOVING WORLD WAR II LANDMINES FRO NORTH-WESTERN EGYPT.

¶4. (C) PRIME MINISTER NAZI AND MINISTER OF TRADE AND INDUSTRY RACHID WERE EEN TO EXPAND EGYPTIAN FOOD EXPORTS TO THE EU, SID BUSSMAN, BUT FOREIGN MINISTER ABOUL GHEIT ADMTTED THAT EGYPT IS RELUCTANT TO MAKE THE EGYPT-EU FRIENDSHIP AGREEMENT PUBLIC. THE GERMANS TOOK NAZF AND RACHID TO TASK FOR EGYPTS LARGE SUBSIDY POGRAM, BUSSMAN CONTINUED, TO WHICH NAZIF REPLIEDTHAT IT IS NOT POSSIBLE TO PHASE OUT SUBSIDIES AT THIS TIME. HOWEVER, HIS GOVERNMENT IS AIMING TO REDUCE EGYPSTS BUDGET DEFICIT BY 1% OF THE TOTAL BUDGET PER YEAR.

¶5. (SBU) MERKEL AND NAZIF ALSO CO-CHAIRDED A FEBRUARY 4 EGYPTIAN-GERMAN ECONOMIC FORUM TO DISCUSS INCREASING GERMAN INVESTMENT IN EGYPT THAT BUSSMAN DESCRIBED AS "VERY POSITIVE." THE PRESS REPORTED THAT THE TWO ALSO SIGNED FOUR AGREEMENTS ON THE SIDELINES OF THE FORUM: THREE BETWEEN GERMANY'S SEIMENS AND THE EGYPTIAN INDUSTRY MODERNIZATION CENTER FOR SEIMENS TO PROVIDE EQUIPMENT AND ADVANCED TECHNOLOGY TO EGYPTIAN VOCATIONAL TRAINING CENTERS AND FACTORIES; AND ONE BETWEEN EGYPTIAN LACTO MISR AND A GERMAN COMPANY (NFI) ON PRODUCING INFANT'S MILK.
RICCIARDONE